

State of Alaska
FY2003 Governor's Operating Budget

Department of Education and Early Development
Student Loan Operations
Component Budget Summary

Component: Student Loan Operations

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Component Mission

The mission of the Student Loan component is to:

1. serve and value our customers, including students, parents, policymakers, bondholders, professional colleagues, and co-workers
2. identify and implement program efficiencies through improved management processes, and technology to ensure the self-sustainability and marketability of the AlaskAdvantage Program through the 21st century
3. provide low-cost financing for the AlaskAdvantage Loan Program
4. disburse low-cost loans to eligible borrowers enabling them to pursue postsecondary education and training
5. service the outstanding loan portfolio in a manner which maximizes repayment to the Education Loan fund and protects the financial integrity of the program

Component Services Provided

This component administers the following state/federal financial aid programs: 1) the Alaska Student Loan Program (ASLP); 2) the Teacher Scholarship Loan Program (TSLP); 3) the Family Education Loan Program (FELP); 4) WWAMI Medical Education Loans; 5) WICHE Professional Student Exchange Program Loans; 6) Alaska's GEAR UP Scholarship; and 7) various state memorial loan programs created for special purposes or target populations.

Servicing operations encompass producing, disseminating and reviewing initial applications and awarding loans; disbursing loan warrants to institutions in the US and abroad; monitoring loans during the enrolled and grace periods; entering borrowers into repayment; processing deferments and forgiveness of loan payments, where warranted; processing payment, adjustment and balance correction transactions; providing collection services and, where in-house efforts to collect payments have failed, transferring loans to a collection agency and taking part in hearings related to loan activity.

Component Goals and Strategies

1. Improve the quality of service to Alaskans and internal operations through:
 - * Informed use of technology to expand services and increase effectiveness
 - * Increased accountability and quality controls:
 - expand intelligent voice response and web-based information systems
 - electronic delivery of loan funds
 - implement on-line application
2. Strengthen ASLP Fund through:
 - * Effective collections and enhanced revenues:
 - implement debt management training for borrowers
 - credit reporting to national credit bureaus
 - expand leveraging occupational licenses
 - expand administrative wage garnishment
3. Improve the Alaskan public's awareness of educational financial options through:
 - * Expanded and improved delivery of financial aid information:
 - enhance Web site/print information, including 24 hour access to loan application information to institutions
 - increase consumer information regarding the economic benefits of education
4. Successfully implement financial aid programs as a federal lender to expand services and enhance financial stability of the Corporation

Key Component Issues for FY2002 – 2003

The essential component issues of the Student Loan Operations component are:

- * the issuing of loans
- * to ensure quality servicing of education loans
- * to ensure the quality of the loan portfolio through effective collections and enhanced revenues
- * to continue improving service to loan borrowers through informed use of technology
- * to continue quality internal operations through increased accountability and quality control
- * to administer other financial aid programs that benefit Alaska postsecondary education consumers

Major Component Accomplishments in 2001

- * Issued tax-exempt bonds at a low rate to fund the loan programs
- * Reduced financing costs for existing borrowers with loan rates exceeding 8.3% to an effective rate of 8.3% effective July 1, 2001
- * Implemented ASLNet, an education loan packaging and delivery system which allows schools to streamline the financial aid process and allows borrowers to view their loan data on-line 24-hours per day
- * Expanded loan repayment options to include electronic debit of a borrower's checking or savings account
- * Expanded loan funding options for the University of Alaska to include electronic funds transfer
- * Implemented on-line application
- * Administered year two of the Alaska GEAR UP scholarship program

Statutory and Regulatory Authority

AS 14.42.011-055
AS 14.43.910-990
AS 14.43.091-175
AS 14.42.100-990
AS 14.43.250-325
AS 14.43.510
AS 14.43.600-990
AS 14.44.010-060

Student Loan Operations
Component Financial Summary

All dollars in thousands

Non-Formula Program:	FY2001 Actuals	FY2002 Authorized	FY2003 Governor
Component Expenditures:			
71000 Personal Services	4,162.0	4,266.5	4,429.7
72000 Travel	72.4	55.4	55.4
73000 Contractual	2,033.7	2,341.9	2,320.7
74000 Supplies	139.4	75.3	75.3
75000 Equipment	28.3	20.0	20.0
76000 Land/Buildings	0.0	0.0	0.0
77000 Grants, Claims	550.0	0.0	350.0
78000 Miscellaneous	0.0	0.0	0.0
Expenditure Totals	6,985.8	6,759.1	7,251.1
Funding Sources:			
1007 Inter-Agency Receipts	350.0	0.0	350.0
1106 Alaska Post-Secondary Education Commission Receipts	6,435.8	6,759.1	6,901.1
1150 ACPE Dividend	200.0	0.0	0.0
Funding Totals	6,985.8	6,759.1	7,251.1

Estimated Revenue Collections

Description	Master Revenue Account	FY2001 Actuals	FY2002 Authorized	FY2002 Cash Estimate	FY2003 Governor	FY2004 Forecast
Unrestricted Revenues						
None.		0.0	0.0	0.0	0.0	0.0
Unrestricted Total		0.0	0.0	0.0	0.0	0.0
Restricted Revenues						
Interagency Receipts	51015	350.0	0.0	0.0	350.0	350.0
AK Post-Sec. Education Comm. Receipts	55520	6,635.8	6,759.1	6,759.1	6,901.1	6,901.1
Restricted Total		6,985.8	6,759.1	6,759.1	7,251.1	7,251.1
Total Estimated Revenues		6,985.8	6,759.1	6,759.1	7,251.1	7,251.1

Student Loan Operations

Proposed Changes in Levels of Service for FY2003

Student Loan Operations plans to implement the following servicing improvements in FY2003:

- * Implement cost saving borrower benefits with the AlaskAdvantage and Alaska Supplemental Education Loan Programs
- * Expand electronic disbursement of funds to all eligible institutions
- * Expanded electronic/automated payment options for borrowers to include Web initiated sign up
- * One-stop state and federal student financial aid processing for Alaskan education consumers

Increment request:

\$115,000 Personal Services for 2 positions, a programmer and customer relation specialist, previously described in the fiscal note for the AlaskAdvantage Loan Program (CHAPTER 85 SLA 01).

Anchorage leased space costs per square foot are projected to increase substantially in FY03. Moving to new space in FY03 will require additional funds for the commission's leased space costs projected to be \$60,000.

Summary of Component Budget Changes

From FY2002 Authorized to FY2003 Governor

All dollars in thousands

	<u>General Funds</u>	<u>Federal Funds</u>	<u>Other Funds</u>	<u>Total Funds</u>
FY2002 Authorized	0.0	0.0	6,759.1	6,759.1
Adjustments which will continue current level of service:				
-Year 3 Labor Costs - Net Change from FY2002	0.0	0.0	131.4	131.4
-PCNs 05-0311, 05-0508, 05-0509 to Program Administration to Align Positions/Program Responsibilities	0.0	0.0	-164.4	-164.4
Proposed budget increases:				
-Gear Up Scholarships	0.0	0.0	350.0	350.0
-Fiscal Note (HB 204) Second Year	0.0	0.0	115.0	115.0
-Anchorage Leased Space	0.0	0.0	60.0	60.0
FY2003 Governor	0.0	0.0	7,251.1	7,251.1

Student Loan Operations

Personal Services Information

	Authorized Positions		Personal Services Costs	
	<u>FY2002</u> <u>Authorized</u>	<u>FY2003</u> <u>Governor</u>		
Full-time	86	86	Annual Salaries	3,408,500
Part-time	0	0	COLA	119,485
Nonpermanent	0	0	Premium Pay	0
			Annual Benefits	1,231,334
			<i>Less 6.93% Vacancy Factor</i>	(329,619)
			Lump Sum Premium Pay	0
Totals	86	86	Total Personal Services	4,429,700

Position Classification Summary

Job Class Title	Anchorage	Fairbanks	Juneau	Others	Total
Accountant	0	0	5	0	5
Accounting Clerk	0	0	1	0	1
Accounting Technician	0	0	4	0	4
Administrative Assistant	0	0	2	0	2
Administrative Coordinator	0	0	1	0	1
Administrative Officer	0	0	5	0	5
Administrative Support Spec	0	0	1	0	1
Analyst/Programmer V	1	0	0	0	1
Application Technician	0	0	1	0	1
Awards Specialist	0	0	1	0	1
Awards Specialist II	0	0	1	0	1
Bankruptcy Specialist	0	0	1	0	1
Business Lead/Analyst I	0	0	1	0	1
Business Lead/Analyst II	0	0	2	0	2
Business Lead/Analyst III	0	0	1	0	1
Collections Supervisor	0	0	1	0	1
Collections Trainer/Specialist	0	0	1	0	1
Customer Service Clerk II	0	0	1	0	1
Customer Service Spec II	2	0	21	0	23
Customer Service Spec III	0	0	2	0	2
Customer Service Supervisor	0	0	1	0	1
Data Entry Clerk IV	0	0	2	0	2
Director	0	0	1	0	1
Director/Iss	1	0	0	0	1
Disbursement Specialist III	0	0	1	0	1
Loan Servicing Technician I	0	0	1	0	1
Loan Specialist	0	0	6	0	6
Mailroom Clerk	0	0	1	0	1
Micro/Network Tech	0	0	1	0	1
Network Systems Specialist	0	0	1	0	1
Operations Supervisor	0	0	1	0	1
Payment Process Specialist	0	0	1	0	1
Program Budget Analyst II	0	0	1	0	1
Programmer/Analyst	6	0	0	0	6
Publications Specialist	0	0	1	0	1
Receptionist	0	0	1	0	1
Records Processor III	0	0	2	0	2
Skip Tracing Specialist	0	0	1	0	1
Totals	10	0	76	0	86

